

Debtors' Ex. 57

175
LAWS OF PUERTO RICO
applied to other appropriations already existing or which may hereafter be created out of any funds existing in the Treasury that are not otherwise appropriated.

Section 2. The Treasurer of Puerto Rico and the Auditor of Puerto Rico are hereby authorized and empowered to carry out bookkeeping, and they are directed to enter on the books the transfer referred to in Section 1 of this Act, immediately once this Act takes effect.

Section 3. All laws or parts of laws in conflict herewith are hereby repealed.

Section 4. This Act shall take effect immediately upon being passed.

Passed, December 7, 1942.

[No. 33]

AN ACT

TO AUTHORIZE AND DIRECT THE TREASURER OF PUERTO RICO TO REDEEM OR PURCHASE BONDS OR OTHER CERTIFICATES OF INDEBTEDNESS OF THE PEOPLE OF PUERTO RICO, IN THE MOST ADVANTAGEOUS FORM POSSIBLE, BEING AUTHORIZED TO DEVOTE TO THESE OPERATIONS OF PAYMENT ALL THE AVAILABLE SURPLUSES ON HAND BELONGING TO REGULAR FUNDS AND TO THE INSULAR EMERGENCY FUND, AND THE SURPLUSES OF SPECIAL APPROPRIATIONS OR ANY OTHER SURPLUS OF ANY KIND; TO APPROPRIATE THE SUM OF EIGHT MILLION (8,000,000) DOLLARS, OR SUCH PART THEREOF AS MAY BE NECESSARY, FROM ANY AVAILABLE FUNDS IN THE INSULAR TREASURY, IN ORDER TO PAY FOR, OR TO REDEEM SAID BONDS OR CERTIFICATES; TO DIRECT THE TREASURER TO PREFERENTIALLY REDEEM CERTAIN BOND ISSUES OR CERTIFICATES; TO AUTHORIZE THE TREASURER TO USE, WITH THE APPROVAL OF THE GOVERNOR OF PUERTO RICO, UP TO SEVENTY PERCENT (70%) OF THE BALANCE ON HAND OF SPECIAL OR TRUST FUNDS OR PART OF THE EMERGENCY FUND IN ORDER TO INVEST IT IN THE ACQUISITION OF BONDS OR CERTIFICATES OF INDEBTEDNESS OF THE INSULAR GOVERNMENT, OR THE GOVERNMENT OF THE CAPITAL, OF THE MUNICIPAL GOVERNMENTS, OR OF THE UNITED STATES OF AMERICA; TO AUTHORIZE THE SALE OF SAID SECURITIES OR CONTRACTING PROVISIONAL LOANS GUARANTEED BY SAME; TO DIRECT THE AUDITOR OF PUERTO RICO TO SET UP SPECIAL ACCOUNTS; TO DEPOSIT THE INTEREST FROM THESE INVESTMENTS IN A SPECIAL FUND AND TO AUTHORIZE ITS USE; TO AUTHORIZE THE TREASURER OF PUERTO RICO TO CONSOLIDATE, CONVERT, OR REFINANCE ANY BOND ISSUES OR CERTIFICATES OF INDEBTEDNESS; TO BORROW MONEY AS AN ADVANCE OF TAXES; TO PLEDGE THE GOOD FAITH OF THE PEOPLE OF PUERTO RICO; TO ENTER INTO NEGOTIATIONS WITH THE MUNICIPALITIES, AND FOR OTHER PURPOSES.

WHEREAS, on July 1, 1942, the insular debt of The People of Puerto Rico amounted to a total of twenty-three million seven hundred thousand (\$23,700,000) dollars, on which interest is paid at an average rate of 4.372%;

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WHEREAS, the existing debt of the municipal governments of Puerto Rico on the same date of July 1, 1942, amounted to eighteen million four hundred and forty thousand six hundred and sixty (\$18,440,660) dollars on which interest is paid at an average rate of 4.553%;

WHEREAS, on the other hand, on the same date of July 1, 1942, The People of Puerto Rico had on hand a total of more than thirty- nine million (\$39,000,000) dollars deposited in banks, and on this amount received interest only at the rate of one-eighth of one per cent a year;

WHEREAS, the terms of maturity, amortization installments, and general conditions of the contracts through which these debts were contracted, result, in the majority of cases, onerous and unfavorable to the interests of The People of Puerto Rico;

WHEREAS, at the time of maturity of the above-mentioned existing obligations, their payment will be difficult, since in many cases the taxes levied for the payment of the several obligations are not proving sufficient to meet them at their respective maturities, adequate sinking funds not having been created; The People of Puerto Rico having been obligated on many previous occasions, in order to protect the credit of The People of Puerto Rico, to use regular funds to pay installments toward the principal and interest on these special debts; and if this condition is not corrected for the future, the state will face the same problem of having to use large amounts of general funds for the purpose of protecting the credit and the good faith of The People of Puerto Rico and of its municipalities, thus limiting the services to be rendered chargeable to general funds;

WHEREAS, it is likewise evident that The People of Puerto Rico are suffering unnecessary losses by paying high rates of interest on the public debt when, on the other hand, there are large amounts of cash available on hand on which they collect interest only at the rate of one-eighth of one per cent, cash which is practically frozen, and The People of Puerto Rico are not receiving any benefit from this freezing, save that represented by the insignificant interest received;

WHEREAS, the Treasurer of Puerto Rico has made a study of this whole problem, which reveals that the partial payment of the

public debt is necessary, as far as the general funds on hand, the surpluses of the several special funds, and the municipal sinking funds permit; and the refinancing and conversion of the remainder of the debt, both insular and municipal, is likewise necessary, under conditions more favorable to The People of Puerto Rico, at lower interest, with amortizations more balanced and scientific, and maturities more in accordance with the resources of The People of Puerto Rico and its municipalities,

THEREFORE, *Be it enacted by the Legislature of Puerto Rico:*

Section 1.—The Treasurer of Puerto Rico is hereby authorized and directed to redeem or to purchase on the open market or wherever they may be offered for sale, bonds or other certificates of indebtedness of The People of Puerto Rico in the most advantageous form possible, and may, if necessary for the redemption, pay additional interest or premiums and expenses in connection with those issues that are not redeemable where this additional cost may be justified, for the purpose of saving interest for The People of Puerto Rico, the Treasurer is authorized to devote to these payment transactions all the available surpluses on hand belonging to regular funds and to the Insular Emergency Fund, and the surpluses of special appropriations or any other surplus of any kind. The sum of eight million (\$8,000,000) dollars, or such part thereof as may be necessary, is also hereby appropriated from any available funds in the Insular Treasury for the purpose of payment for, or redemption of, the bonds or certificates of indebtedness of The People of Puerto Rico which have been previously authorized and ordered paid. The Treasurer of Puerto Rico is directed, for the purposes of the authorization granted under this Act, to preferentially to pay or to redeem the following currently existing public debt of The People of Puerto Rico: the issue of three hundred and thirty-seven thousand (\$337,000) dollars with interest at four and one-half (4½%) percent, authorized by Act No. 4, of December 14, 1931, (redeemable at any time when interest is to be paid in accordance with the terms of the contract); the issues of six million (\$6,000,000) dollars authorized by Act No. 13, of August 29, 1923, at 5% (redeemable July 1, 1943), and of one million (1,000,000) dollars, at 5% (redeemable January 1, 1944, and authorized by Act No. 62 of July 16, 1921), that is, a total of seven million three hundred and thirty-seven thousand (\$7,337,000) dollars.

The Treasurer of Puerto Rico is likewise authorized to pay, with the approval of the Governor of Puerto Rico, any municipal bond or certificate of indebtedness when the corresponding sinking fund has a sufficient balance to make this payment which the Treasurer of Puerto Rico may make under the most advantageous conditions possible, by paying additional interest, premiums, or expenses, provided the transaction proves beneficial.

Section 2. The Treasurer of Puerto Rico is hereby likewise authorized to use, with the approval of the Governor of Puerto Rico, up to seventy percent (70%) of the balance on hand belonging to special funds and to trust funds, as well as any part of the Insular Emergency Fund that he may consider reasonable, to invest such amounts in acquiring or purchasing bonds or any other certificate of indebtedness of the Insular Government of Puerto Rico, of the Government of the Capital, or of the municipalities of Puerto Rico, or of the Government of the United States of America. This investment shall be made in the most advantageous form possible, for the interest of the Government of Puerto Rico or of its municipalities, the Treasurer being authorized to pay additional interest or premiums as well as such expenses as may be necessary in order to make these investments, and said bonds or certificate of indebtedness, either original or provisional, so acquired or purchased, shall be considered as cash on hand belonging to the respective funds from which the disbursement is made. In conducting any transaction of this nature, the Comptroller of Puerto Rico shall set up accounts in the accounting ledgers, titled: "Investments of Regular Funds," "Investments of Insular Emergency Fund", and "Investments of Trust Funds," according to the kind of funds used to buy the bonds or certificates of indebtedness; accounts to which the Auditor shall charge the amounts invested by the Treasurer of Puerto Rico in bonds or certificates of indebtedness acquired or purchased with those funds, and shall credit to the "General Account of the Treasurer of Puerto Rico" the total of said amounts. The interest from these investments shall be deposited in a special fund known as "Interest on Investments" from which the Treasurer of Puerto Rico may pay additional interest or premium as well as all expenses incurred in the bond issues or certificates of indebtedness issued for the purpose of redeeming, consolidating, or refinancing the insular or municipal public debt, and from which the Treasurer may purchase, amortize, or redeem any bond issue or certificates of indebtedness belonging to the Insular Government, to the Government of the Capital, or to the municipal

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governments. When the Treasurer of Puerto Rico decides to pay, redeem, consolidate, or purchase bonds or certificates of indebtedness in accordance with the provisions of this Act, he shall use the authorized balances of "Regular Funds," of the "Insular Emergency Fund," of special funds and trust funds, as provided in this Act, issuing in their stead, if necessary, provisional certificates of indebtedness against said funds, until the corresponding bonds or original certificates of indebtedness are issued. Any bond or certificate of indebtedness, either original or provisional, issued by the Treasurer of Puerto Rico under the provisions of this Act shall be signed by the Governor and by the Treasurer of Puerto Rico.

Section 3. The Treasurer of Puerto Rico is hereby directed, empowered, and authorized to consolidate, convert, or refinance, with the approval of the Governor of Puerto Rico, any or all bond issues or certificates of indebtedness of The People of Puerto Rico, of the Government of the Capital, or of the municipalities of Puerto Rico, even in those cases where said bonds or certificates are in the hands of the Treasurer of Puerto Rico, as provided in this Act, issuing in their stead conversion, consolidation, or refinancing bonds, under the terms and conditions that the Treasurer of Puerto Rico may from time to time determine are most advantageous and convenient for the interests of The People of Puerto Rico; and to determine the form, date, and denomination of any new issue which may be made in accordance with this Act, fixing the rate of interest and the payment thereof, amount of the issues, date of maturity, form and time of amortization, conditions of sale, right to, and conditions of, redemption of the bonds, amount of the premium thereon, if any, and any other provisions, conditions, or requirements that in his judgment he may deem necessary and advisable in order to carry out in the most advantageous manner any consolidation, conversion, or refinancing in accordance with this Act. The Treasurer of Puerto Rico is hereby likewise directed, authorized, and empowered to pay additional interest or premiums and expenses for said bonds from the special fund "Interest on Investments" created by this Act or from any available funds in the insular treasury not otherwise appropriated. All the preceding provisions relative to the payment of the additional interest or premiums and the expenses of said bonds shall have the nature of continuous appropriations and shall constitute sufficient authority for the Treasurer of Puerto Rico to make said payments without the necessity of making new appropriations for

that purpose. Said payments shall be made by payment orders issued in accordance with the general provisions of the law relative to public disbursements.

When, in accordance with the provisions of this Act, the Treasurer of Puerto Rico has acquired bonds or certificates of municipal debt and keeps them on deposit as cash on hand, he may enter into negotiations with the municipalities for the purpose of reducing the rate of taxation on the municipal property, levied for the payment of said issues, through the corresponding reduction in the rate of interest to be paid by the municipalities on the debt, whether through the conversion of the debt or otherwise. He may likewise alter the payment installments towards the principal and interest and the maturity of the debt.

Section 4. The Treasurer of Puerto Rico is hereby empowered and authorized to borrow, with the approval of the Governor of Puerto Rico, as an advance of taxes, such amounts as in his judgment may be necessary for the payment of the principal of and the interest on the insular or municipal public debt under the terms and conditions, rate of interest, and amortization instalments, as the Treasurer of Puerto Rico may determine, and he is likewise empowered and authorized hereby to issue certificates of indebtedness as proof of said loans, at not less than their par value and in such form or forms and in such denominations as he may determine. Both the principal and the interest earned on the amounts borrowed by the Treasurer of Puerto Rico by virtue of this Act shall be paid from the proceeds of taxes anticipated to be collected, and if the amounts thus collected should not be sufficient to pay any installment toward the principal and the interest on the certificates of indebtedness the issuance of which has been authorized, the Treasurer of Puerto Rico is empowered and authorized to pay, and he is hereby directed to pay, said obligations from any available funds in the insular treasury, which funds are hereby appropriated. The preceding provision regarding the payment of the principal and interest on said debts and the certificates of indebtedness which are issued as proof thereof shall have the nature of a continuous appropriation and shall constitute sufficient authorization so that the Treasurer of Puerto Rico may make said payments without the necessity for new appropriations being made for that purpose.

Section 5. The Treasurer of Puerto Rico is empowered and authorized to sell, with the approval of the Governor of Puerto Rico

and when he believes it most advisable for the interests of The People of Puerto Rico or necessary in order to obtain funds, any investment that he may have in his possession belonging to "Regular Funds," "Insular Emergency Fund," "Special Funds," and "Trust Funds." When it may be necessary and he believes it advisable, he may likewise borrow money on the security of said investments. The Auditor of Puerto Rico shall make the necessary entries in the accounting books to record the corresponding transactions.

Section 6. Both the principal and the interest earned by the bonds or certificates of indebtedness issued by the Treasurer of Puerto Rico in accordance with the provisions of this Act shall be paid in currency of the United States of America, at the place that the Treasurer of Puerto Rico may have previously designated, and they shall be exempt from the payment of all kinds of taxes, including income taxes.

Section 7. The good faith of The People of Puerto Rico is hereby irrevocably pledged for the payment of the principal and interest on the bonds or certificates of indebtedness of the Insular Government which, in accordance with the provisions of this Act, the Treasurer of Puerto Rico may issue; which bonds or certificates of indebtedness shall be and shall have the nature of general obligations of the Insular Government of Puerto Rico and shall be paid with the resources and taxes authorized in the original Acts authorizing the contracting of the loans which have been the object of payment, consolidation, conversion, or refinancing; or with any available funds in the insular treasury, which funds are appropriated as continuous appropriations without the necessity of new appropriations being made for said purpose. The bonds or certificates of indebtedness that the Treasurer of Puerto Rico may issue in accordance with the provisions of this Act for payment, consolidation, conversion, or refinancing of the municipal debt or the debt of the Government of the Capital shall constitute obligations of the municipalities or of the Government of the Capital, as the case may be, and shall be paid with the resources and taxes authorized by the original Acts or ordinances approved, authorizing the contracting of the loans which are to be the object of payment, consolidation, conversion, or refinancing, or from any funds belonging to said municipalities or to the Government of the Capital, as the case may be.

Section 8. Nothing contained in this Act shall be interpreted in the sense of impairing the rights, obligations, or other commitments contracted upon individually creating the insular emergency fund and

special or trust funds, and the Treasurer of Puerto Rico shall see that there are sufficient funds on hand at all times to immediately meet the authorized disbursements that are to be made against said funds.

Section 9. If presidential approval is necessary for the effectiveness or validity of any part or provision of this Act, the Treasurer of Puerto Rico is empowered to request said approval of the President of the United States of America.

Section 10. If any clause, paragraph, section, article, or part of this Act is declared unconstitutional by a court of competent jurisdiction, said decision shall not affect, prejudice, or invalidate the remainder of this Act, but its effect shall be limited to the clause, paragraph, section, article, or part of this Act so declared unconstitutional.

Section 11. All laws or parts of laws in conflict herewith are hereby repealed.

Section 12. It is declared that a state of emergency exists which makes it necessary that this Act be in effect immediately, and therefore it shall take effect as soon as it is passed.

Passed, December 7, 1942,

[No. 34]

AN ACT

TO AMEND SECTIONS 3 (SUBSECTION 4), 4, 6, 7, 25, 27, 28 AND 38 OF ACT No. 6, PASSED ON JUNE 30, 1936, ENTITLED: "AN ACT TO PROVIDE REVENUES FOR THE PEOPLE OF PUERTO RICO BY LEVYING INTERNAL REVENUE TAXES ON ALCOHOLIC SPIRITS AND ALCOHOLIC BEVERAGES, AND FOR THE MANUFACTURE AND SALE THEREOF; TO REGULATE THE PRODUCTION, MANUFACTURE, IMPORTATION, AND SALE OF ALCOHOL, SPIRITS AND ALCOHOLIC BEVERAGES, AND TO PROVIDE LICENSE FEES THEREFORE; TO IMPOSE PENALTIES FOR VIOLATIONS HEREOF; TO PROVIDE FUNDS FOR THE ADMINISTRATION AND ENFORCEMENT OF THE ACT; TO REPEAL ACT No. 115, PASSED ON MAY 15, 1936, AND FOR OTHER PURPOSES", AS AMENDED BY ACT No. 149 OF MAY 15, 1937; BY ACT No. 217 OF MAY 15, 1938; BY ACT No. 155 OF MAY 13, 1939, BY ACT No. 20 OF JUNE 13, 1939, BY ACT No. 152 OF MAY 6, 1941, AND BY ACT No. 234 OF MAY 12, 1942, AND FOR OTHER PURPOSES.

Be it enacted by the Legislature of Puerto Rico:

Section 1. That Sections 3 (subsection 4), 4, 6, 7, 25, 27, 28 and 38 of Act No. 6, passed on June 30, 1936, entitled: "An Act to provide revenues for The People of Puerto Rico by levying in-



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TRANSLATOR'S CERTIFICATE OF TRANSLATION

Translation from: Spanish (Puerto Rico) into English (US)
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I, Andreea I. Boscor, ATA-certified Spanish-English #525556, acting as translator at TARGEM Translations Inc., a NEW YORK City corporation, with its principal office at 185 Clymer Street, Brooklyn, NY, 11211, USA, certify that:

the English translated document is a true and accurate translation of the original Spanish and has been translated to the best of my knowledge.

Original Document Name: **Act 33 approved 12.7.1942**

Signed this 3rd day of October, 2021



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A handwritten signature in blue ink, appearing to read 'Andreea I. Boscor', written over a horizontal line.

Andreea I. Boscor

